



0000137373

BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE  
Chairman  
BOB STUMP  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
PAUL NEWMAN  
Commissioner  
BRENDA BURNS  
Commissioner

Arizona Corporation Commission

DOCKETED

JUN - 5 2012

DOCKETED BY

DM

IN THE MATTER OF THE APPLICATION  
OF MOHAVE ELECTRIC COOPERATIVE,  
INC. TO EXPEND ADDITIONAL  
RENEWABLE ENERGY STANDARD AND  
TARIFF FUNDS ON MODIFIED  
RESIDENTIAL AND COMMERCIAL  
INCENTIVES

DOCKET NO. E-01750A-12-0161

DECISION NO. 73228

ORDER

Open Meeting  
May 22 and 23, 2012  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Mohave Electric Cooperative, Inc. ("MEC") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On May 4, 2012, MEC filed an application to shift some of its approved Renewable Energy Standard and Tariff ("REST") funds and reduce its incentive levels.

3. The Commission approved Mohave's 2012 REST Plan in Decision No. 72802 (February 2, 2012), which included \$777,177 of funds for residential and commercial incentives for photovoltaic ("PV") and wind systems. Because the 2011 REST Plan had been sufficient to meet the incentives requested by applications in 2011, no changes to the incentive levels were requested for 2012. However, in April 2012, there was an unusual increase in applications, depleting the budgeted \$777,177. Four customers have been placed on a waiting list.

...

4. Currently, MEC pays \$2.00 per Watt up to 40 percent of the total system cost for residential PV and wind systems up to 5 kW and small commercial PV and wind systems up to 10 kW. For larger systems, up to 50 kW, MEC pays \$1.50 per Watt up to 40 percent of the total system cost. There is a dollar cap of \$30,000 for systems installed at a single residence and \$50,000 at a commercial location. Also, the combined generation capacity at the location is limited to a maximum of 125 percent of the total connected load at the location and one installation per service entrance.

5. MEC proposes to reduce the incentive for both residential and commercial customers to \$0.50 per Watt for all system sizes. This amount would match the current incentive level of MEC's neighboring utility, UNS Electric. The incentive would remain capped at 40 percent of the total system cost, but the dollar caps would be reduced to \$25,000 for both residential and commercial systems.

6. MEC continues to explore development of a renewable energy project up to 5 MW within its service territory. The project could be either developer-based or MEC's own development, but it has not yet been developed. Therefore, MEC proposes to shift \$250,000 from its "5 MW Distributed Generation-Solar" budget category to the Residential and Commercial Incentives program. The MEC's budget would be modified as shown in the following table.

Mohave 2012 REST Budget

Categories	Approved in Decision No. 72802	Proposed
Residential and Commercial Incentives	\$777,177	\$1,027,177
5 MW Distributed Generation-Solar	\$548,884	\$298,884
PV for Schools Loan Repayment	\$107,689	\$107,689
GO SOLAR Website	\$1,744	\$1,744
Solar Water Heating	\$18,000	\$18,000
Geothermal Resources-Willcox Greenhouse	\$29,544	\$29,544
Administration and Advertising	\$244,000	\$244,000
Habitat for Humanity	\$25,000	\$25,000
Fire Department Complex	\$50,000	\$50,000
Other Programs	\$25,000	\$25,000
Total Expenditures	\$1,827,038	\$1,827,038

7. MEC intends to provide customers on its waiting list first opportunity to apply for the increased funding at the modified incentive level. Alternatively, the customer can choose to remain on the waiting list to receive funding at the prior incentive level if a portion of the reserved funds become available for that purpose. However, Staff has recommended that customers on the waiting list receive the modified incentives.

#### **Recommendations**

8. Staff has recommended approval of MEC's request to shift \$250,000 of funds from the 5 MW Distributed Generation-Solar budget category to the Residential and Commercial Incentives budget category.

9. Staff has also recommended that the incentive for residential and commercial PV and wind systems be reduced to \$0.50 per Watt for all system sizes, that the incentive remain capped at 40 percent of the total system cost, and that the dollar caps be reduced to \$25,000 for both residential and commercial systems. We believe that the incentive should be reduced to \$0.35 per Watt.

10. Staff has also recommended that customers on the waiting list receive the modified incentives.

#### **CONCLUSIONS OF LAW**

1. Mohave Electric Cooperative, Inc. is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona constitution.

2. The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over the subject matter of the application.

3. The Commission, having reviewed Mohave Electric Cooperative, Inc.'s application and Staff's Memorandum dated May 8, 2012, concludes that it is in the public interest to approve Mohave Electric Cooperative, Inc.'s application, as discussed herein.

#### **ORDER**

IT IS THEREFORE ORDERED that Mohave Electric Cooperative Inc.'s request to shift \$250,000 of funds from the 5 MW Distributed Generation-Solar budget category to the Residential and Commercial Incentives budget category is hereby approved.

1 IT IS FURTHER ORDERED that the incentive for residential and commercial PV and  
2 wind systems shall be reduced to \$0.35 per Watt for all system sizes, the incentive shall remain  
3 capped at 40 percent of the total system cost, and the dollar caps shall be reduced to \$25,000 for  
4 both residential and commercial systems.

5 IT IS FURTHER ORDERED that customers on the waiting list and any subsequent  
6 customers shall receive the modified incentives.

7 IT IS FURTHER ORDERED that this Order shall become effective immediately.

8  
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

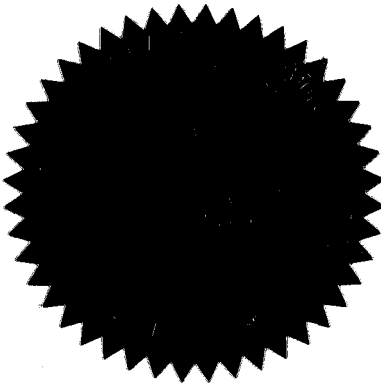
10  
11   
12 CHAIRMAN

13  
14   
COMMISSIONER

15  
16 COMMISSIONER

17 COMMISSIONER

18   
19 COMMISSIONER



IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
Executive Director of the Arizona Corporation Commission,  
have hereunto, set my hand and caused the official seal of this  
Commission to be affixed at the Capitol, in the City of Phoenix,  
this 5<sup>th</sup> day of June, 2012.

29  
30   
31 ERNEST G. JOHNSON  
32 EXECUTIVE DIRECTOR

33 DISSENT: 

34 DISSENT: 

35 SMO:BEK:lh\SH

1 SERVICE LIST FOR: Mohave Electric Cooperative, Inc.  
2 DOCKET NO. E-01750A-12-0161

3 Ms. Melissa A. Parham  
4 Mr. Michael A. Curtis  
5 Mr. William P. Sullivan  
6 Curtis, Goodwin, Sullivan,  
7 Udall & Schwab, P.L.C.  
8 501 East Thomas Road  
9 Phoenix, Arizona 85012-3205

10 Mr. Steven M. Olea  
11 Director, Utilities Division  
12 Arizona Corporation Commission  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007

15 Ms. Janice M. Alward  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007  
20  
21  
22  
23  
24  
25  
26  
27  
28